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UNCLAS ANKARA 002334

SIPDIS

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SUBJECT: INDUSTRY MINISTER PROMISES SWIFT ACTION ON CARGILL
ZONING PROBLEM

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11. (SBU) On April 21, the Ambassador met with Industry and Commerce Minister Ali Coskun to press for resolution of U.S. company disputes, particularly Cargill's zoning issue. Highlighting the importance of foreign direct investment for raising living standards and the opportunities to showcase the Turkish economy during the upcoming POTUS visit, the Ambassador asked Coskun about the status of new industrial zones legislation intended to remedy zoning difficulties at Cargill's corn syrup factory in Orhangazi. Coskun told the Ambassador that the GOT was working to resolve business problems we had raised previously, that action on a number of these cases was imminent, and that he would provide a status report on them soon. In particular, Coskun said that the industrial zones legislation was to be submitted to Parliament's Industry Committee on April 22, and that he expected the bill to be enacted within the next two weeks, possibly over the objections of the Republican People's Party (CHP). Coskun said that GOT would designate several industrial zones under the new legislation simultaneously to avoid the perception that this bill was designed only to benefit Cargill. Coskun opined that President Sezer might also have reservations about the bill, and said that Prime Minister Erdogan planned to discuss this with the President to avert a veto. He added that it might also be useful for the Embassy to raise this with Presidential staff at some point in the future, but that, for now, this would be unnecessary and possibly counterproductive.

12. (SBU) The Ambassador also raised the annual sugar quota process, emphasizing the need to set quotas which allow not only corn syrup producers to operate in a commercially viable way, but which also satisfy the needs of various consuming industries. Coskun responded that sugar beet production is a sensitive economic sector, given the dependence of 500,000 Turkish families throughout Turkey on this for a livelihood. He said the GOT strives to balance the demands of sugar beet and corn syrup producers to avoid chaos in these markets, and that beet producers have complained less about competition as they have diversified their production.

EDELMAN